

# MAJOR INFRASTRUCTURE PROJECTS IN MEXICO

A Resource Guide for U.S. Industry



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# About This Report

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This report has been developed to provide potential U.S. exporters with an overview of México's infrastructure sectors, the sector development plans in place through 2018, and to provide profiles of a sample of specific upcoming projects of potential interest.

This document represents just one section of a larger report developed and published by the U.S. Trade Development Agency. The full text is housed online in the U.S. Commercial Services' Market Research Library and can be accessed by visiting [http://buyusainfo.net/docs/x\\_8012471.pdf](http://buyusainfo.net/docs/x_8012471.pdf). Please note that this document is an interim product. Further elaboration of transportation and telecommunications projects will be provided in the final version to be published later in 2014. This will include additional sections describing project opportunities in the energy and water sectors.

## **For More Information on These Opportunities**

To learn more about the opportunities described in this report, locate the U.S. Export Assistance Center nearest you by visiting <http://www.export.gov/eac> and contact your local U.S. Commercial Service Trade Specialist for more information.

## **The U.S. Trade and Development Agency**

The U.S. Trade and Development Agency (USTDA) helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

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# Transportation – Roads and Highways

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The Secretaría de Comunicaciones y Transportes (SCT) is México's federal agency responsible for the country's transportation and communication systems. The SCT's mission is to develop and advance policies and programs in the transportation and communication sectors that contribute to the sustainable economic growth and social development needs of México. The SCT achieves this mission through area-specific administrative bodies. These administrative bodies are responsible for a given mode or group of modes of transportation, generally, and transportation statistics, information, and planning, specifically. These SCT units are covered in more detail in the background sections for each specific transportation mode.

Under the new administration the SCT has made it their priority to provide transport infrastructure that makes the movement of products, services, and people easier, in a fast, efficient, and low cost manner. Gerardo Ruiz Esparza was appointed by President Enrique Peña Nieto to serve as the Secretary of Transportation in 2012. The SCT was allocated \$107 billion (MXN) of México's 2014 budget, 50% higher than the previous year's allocation to the agency. SCT funding accounts for 12.3% of the total projects to be carried out in 2015.

The administration's \$590 billion (USD) 2014 – 2018 National Infrastructure Program (PNI in Spanish) encompasses a wide variety of projects aimed at the development of an enhanced national network of roads, ports, airports, railways and telecommunications services and infrastructure. Many of the investments identified in the PNI will be funded from an array of sources including federal resources from the Fondo Nacional de Infraestructura (FONADIN, México's National Infrastructure Fund), the Banco Nacional de Obras y Servicios Públicos (BANOBRAS, the National Works and Public Services Bank), state and municipal sources, user fees, and Public Private Partnerships (PPPs). Multilateral institutions including the World Bank Group, the North American Development Bank (NADB), and the Inter-American Development Bank (IADB) continue to be active partners supporting development of transportation infrastructure in México through a range of financing instruments and technical assistance.

## **Sector Background**

México's road and highway network measures 377,659 kilometers. It is classified into four parts: the federal network of 49,652 kilometers; the state highway feeders of 83,981 kilometers; the rural road network of 169,430 kilometers, and improved connectors of 74,596 kilometers. Within this, the strategic trunk network is composed of fourteen corridors that provide connectivity between the Atlantic and Pacific coasts and the northern and southern borders of the country. A fifteenth strategic corridor is among the planned investments in the sector by 2018. This will connect Salina Cruz and Tepic along the Pacific Coast.

Of the federal network 40,752 kilometers are freeways and 8,900 kilometers are tolled. Of the toll roads 4,963 kilometers are operated by private concessionaires and the remaining 3,947

kilometers are managed by the Federal Roads and Bridges Agency (CAPUFE by its Spanish acronym).



### México's Strategic Trunk Road Network

México's road network is the primary means of national transport by volume of both passengers (98%) and freight (56%) and is a key focus of continuing large-scale investment as part of the PNI. It is important to note that while investment continues apace in roads, the policy focus in transportation has shifted to more aggressively support multi-modalism. New investments in ports, freight rail, intercity passenger rail, and urban mass transit, described in their respective sections of this report, symbolize this shift in transportation planning and spending. This is driven by strategic efforts of the government to improve energy efficiency and reduce the impacts of intensive road transportation including rising infrastructure maintenance expenditures and, especially in urban areas, severe air pollution and congestion. Traffic congestion where major roads pass through urban centers is a particular challenge.

The current Sectoral Program for Communications and Transportation sets a variety of qualitative and quantitative objectives to be achieved for each mode by 2018. For roads and highways the country seeks to:

1. Reduce logistics costs by completing and consolidating the trunk corridor network, constructing bypasses around urban centers, improving connections to logistics hubs such as

ports and airports, and by applying innovative financing tools to leverage federal investment in the sector.

2. Improve the safety of roads by improving the state of repair of the network and implementing intelligent transportation systems (ITS).
3. Stimulate regional development through improvements to regional and rural roads, utilize rural labor on these works through a structured employment program, and modernize the interstate highway system.

Major quantified objectives for the roads and highways sector include reducing by ten percent the annual number of accidents per million vehicle-kilometers, shifting the national share of ton-kilometers of freight transported by rail from 25.4% to 27.3% (by diverting freight to rail from roads), and diverting 167 million-passenger-kilometers per month away from roads and onto new intercity passenger rail services.

To accomplish these goals the government set out in the PNI a total investment target of more than \$30.2 billion dollars to be spent across 153 separate road and highway projects. Two of these “projects” are actually nationwide programs, one for \$7.8 billion to perform general maintenance across the roads network, and a \$5.4 billion program to develop and improve rural roads. Remaining projects range from mega-projects of \$800 million to local projects of only a few million each. 54 of these projects are undertakings exceeding \$100 million and 76 are Presidential Compromises.

## **Projects**

Ten of the signature road and highway projects within the PNI are identified below:

1. CG-040: Construction of the Elevated Route over the México – Veracruz Highway (\$801 million)
2. CG-234: First Stage of the Modernization of the Highway from Palenque to San Cristobal de las Casas (\$762 million)
3. CG-211: Complete the Highway between Oaxaca and the Isthmus (\$700 million)
4. CG-023: Construction of the Highway from Tuxpan to Tampico (\$615 million)
5. Construction of the Highway between Atizapán and Atlacomulco (\$447 million)
6. Construction of the Guadalajara Bypass (\$436 million)
7. CG-060: Construction of the First Stage of the Beltway of Orizaba and Córdoba (\$424 million)
8. Construction of the Elevated Highway from Indios Verdes – Santa Clara (\$423 million)
9. CG-213: Completion of the Highway from Oaxaca to Puerto Escondido (\$345 million)
10. CG-022: Construction of the First Stage of the Highway from Cardel to Pozo Rico (\$310 million)

## **U.S. Export Potential**

México has a sophisticated domestic industry for heavy highway materials supply and for architect/engineering and maintenance and construction contracting services. This is supplemented by a strong presence of European firms, notably Spanish companies, in professional services and provision of sophisticated systems and equipment. They also are frequent operators of infrastructure. Accordingly competition is fierce in this sector. Though U.S. firms are present, typically in association with local firms, they are not prominent in direct roles in highway project contracting or as concessionaires. There is a robust export market for U.S. firms as suppliers of heavy capital equipment for road construction and maintenance. México has specifically identified greater implementation of intelligent transportation systems as a strategic goal for the sector. U.S. firms are welcome, but they face strong competition in this sector, particularly from European suppliers. Mexican buyers have expressed a preference for provision of ITS systems from larger suppliers who can provide broad integrated systems with strong back-end analytics capabilities.

**Project Contacts and Information**

For more information on project opportunities in the roads and highways sector please locate the U.S. Export Assistance Center nearest you by visiting <http://www.export.gov/eac> and contact your local U.S. Commercial Service Trade Specialist.

You may also reach out to:

<b>Project Sponsor</b>	<b>U.S. Trade &amp; Development</b>	<b>U.S. Commercial Service</b>
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